

**Goal 2:       Maintain At A High Level And Upgrade, Where Necessary, The Quality, Safety, And Livability Of San Diego's Housing Stock, With Emphasis On Preservation Of San Diego's Affordable Housing Stock**

**QUANTIFIED OBJECTIVE: Maintenance and Conservation**

Develop and maintain programs that identify substandard housing and provide a wide spectrum of options to correct housing code violations.

**CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT**

This Housing Element retains the same maintenance and conservation objective from the previous Element.

**POLICIES:**

1. The City shall encourage the maintenance and repair of existing renter- and owner-occupied housing to prevent deterioration by promoting educational and training programs on basic housing maintenance procedures and techniques.
2. The City shall promote the replacement of substandard housing units which cannot feasibly be rehabilitated.
3. The City shall support neighborhood cleanup programs.
4. The City shall coordinate code enforcement efforts with housing rehabilitation programs.
5. The City shall implement inspection programs for unique housing types such as farm worker housing and mobile homes to assure compliance with minimum health and safety standards.

**PROGRAMS:**

1. Housing Code Enforcement - The City shall continue to support and, where possible, expand its code enforcement activities. Such activities shall emphasize amelioration of defects which threaten the basic health and safety of the occupants and community.

2. Farm Worker Housing Inspection Program - The Real Estate Assets Department and Neighborhood Code Compliance Department shall jointly undertake an annual inspection program of the 36 City-owned farm worker houses in San Pasqual Valley to ensure that they meet minimum health and safety standards. Such inspection program shall be cost recoverable. Buildings which are beyond economical repair or a hazard to the public health, safety, and welfare shall be repaired or replaced. The Real Estate Assets Department and Housing Commission shall then exhaust all feasible means of providing suitable relocation assistance or alternative housing.
3. Mobile Home Inspection Program - Continue to implement a five-year inspection program in which all mobile home parks will be inspected for compliance with minimum health and safety standards. Approximately 1,300 mobile home park spaces shall be inspected annually.
4. Housing Maintenance Educational and Training Programs - Self-help training workshops and classes are offered by a variety of organizations and institutions including the San Diego Apartment Association, the San Diego Board of Realtors, junior colleges, and other entities. The City will encourage new and existing property owners to participate in the programs through a variety of outreach efforts.
5. Code Enforcement/Rehabilitation Coordination - The Neighborhood Code Compliance Department shall refer owners of multi-family housing with multiple code violations to the Housing Commission for possible amelioration with the assistance of Housing Commission rehabilitation programs. The Neighborhood Code Compliance Department will also refer owners of multi-family housing with multiple violations in designated redevelopment areas to the appropriate redevelopment entity for possible correction with the assistance of redevelopment funds.
6. Neighborhood Cleanup Programs - The Housing and Code Enforcement Division of the Neighborhood Code Compliance Department and the Waste Management Department will cooperate with neighborhood and trade associations and the "I Love San Diego" program in neighborhood cleanup campaigns. Such campaigns will be coordinated with systematic code enforcement and rehabilitation programs.

## IMPLEMENTATION CHARTS: Maintenance and Conservation

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiaries
Housing Code Enforcement	<p>The City shall continue to implement a housing code enforcement program on a complaint basis. Such a program shall emphasize amelioration of defects which threaten the basic health and safety of the occupants and community.</p> <p>The City shall promote the replacement of substandard housing units which cannot feasibly be rehabilitated.</p> <p>The City shall coordinate code enforcement efforts with housing rehabilitation programs.</p>	Inspect approx. 25,000 units	Neighborhood Code Compliance Division	5,000 units annually	General Fund	Occupants of older, multi-family rental housing.
Farmworkers Housing Inspection Program	The City shall implement inspection programs for unique housing types such as farm worker housing, mobile homes, and SRO's to assure compliance with minimum health and safety standards.	Inspect all 36 City owned units annually.	Neighborhood Code Compliance Division	Inspect all 36 City owned units annually.	Enterprise Fund	Permanent employees of farms and growers and their families.
Mobile Home Inspection Program	Same as Above Policy	Inspect all mobile home spaces every 5 years.	Neighborhood Code Compliance Division	Inspect 1,300 mobile homes.	Mobile Home Inspection Fee.	Occupants of mobile home parks.
Housing Maintenance Education Training Program	The City shall encourage the maintenance and repair of existing renter and owner occupied housing to prevent deterioration by promoting educational and training programs on basic housing maintenance procedures and techniques.	At least 2 programs annually.	SD Apt. Assoc. SD Bd of Realtors Comm Colleges	At least 2 programs annually.	Private	Owners of rental owner-occupied housing
Code Enforcement/ Rehabilitation Coordination	The City shall coordinate code enforcement efforts with housing rehabilitation program.	Ongoing	Neighborhood Code Compliance Division Housing Commission	Ongoing	General Fund	Owners of rental and owner-occupied housing
Neighborhood Cleanup Program	The City shall support neighborhood cleanup programs.	25 neighborhood cleanup programs	"I Love A Clean San Diego" program. Neighborhood organizations.	5 per year	General Fund	Residents of older neighborhoods

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**QUANTIFIED OBJECTIVE:      Preservation of Existing Lower-Income Housing**

**HOUSING ELEMENT REQUIREMENTS**

Section 65583 of the California Government Code requires local governments to include analysis and programs for the preservation of assisted housing developments in their Housing Element.

The purpose of the analysis is to identify actions that the jurisdiction can take to preserve at-risk units, to adequately plan for preventing or minimizing tenant displacement and to preserve the local affordable housing stock. The analysis is required to cover a ten-year period but, for ease of planning, the State Department of Housing and Community Development recommends dividing the period into two five-year groups, coinciding with the planning periods of the Housing Element. The analysis should include five essential components:

1. Inventory of all multi-family rental units at risk of losing use restrictions, termination of subsidy contract, or mortgage prepayment (including units assisted by federal, state and local sources of financing or subsidy).
2. An analysis comparing the replacement cost of producing new rental housing comparable in size and rent levels to the units at risk of converting to market rate, and the cost of preserving the existing units.
3. Identification of all resources available for preservation activities.
  - a. Public and private non-profit corporations capable of acquiring and managing existing units.
  - b. Federal, state and local financing and subsidy programs available to preserve at-risk units.
4. Establishment of a preservation objective, which is a quantified objective for the number of at-risk units to be preserved during the first seven-year planning period.
5. Local programs for preservation activities.

**TIME FRAME OF PRESERVATION AMENDMENT**

For this Housing Element, the Preservation of Assisted Housing analysis will encompass all housing projects at risk during a ten-year period from July 1999 to June 2009. The first five-year subset will cover the period from July 1999 to June 2004, referred to herein as Group 1. The next five-year subset will cover the period from July 2004 to June 2009, referred to herein as Group 2.

## **OVERVIEW - PRESERVATION OF AT-RISK ASSISTED HOUSING PROJECTS**

Beginning in the 1960's, the federal government provided various incentives to private developers including low-interest loans and rent subsidies administered by the Department of Housing and Urban Development (HUD) and Farmers Home Administration (FHA). Owners who secured these subsidies entered into contracts with HUD agreeing to build or operate multi-family rental housing developments that reserved the units for lower-income households as long as the projects participated in the federal programs.

Many of these programs gave owners the option of terminating their participation at, or prior to, loan maturity or rental assistance contract expirations. When an owner elects to exercise this option, the project's subsidies and the accompanying use restrictions are terminated. At this point, units may be converted to market rate units and tenants may become displaced without any assurance of securing permanently affordable housing elsewhere. Additionally, the inventory of low-income housing declines as units are converted to market rate.

The potential loss of affordable units is compounded when considering at-risk low-income units produced by state and local programs, such as Low-Income Housing Tax Credit Program, State Density Bonus, CHFA-issued bonds, Multi-Family Revenue Bonds, and Low- and Moderate-Income Set-Aside funds provided through redevelopment agencies. Like their federal counterparts, these programs have regulatory agreements or other use restrictions for terms of limited duration.

## **FINANCING PROGRAMS**

### **Federal**

There are two types of federal programs that allow the termination of low-income use restrictions: low interest, FHA insured loans; and Section 8 rental assistance. Often, projects receive assistance from both types of programs. In such cases, the earliest termination date in either program is the earliest a project may lose its use restrictions.

Programs that fall under the first category of low-interest, Federal Housing Administration (FHA) insured loans include the Section 221(d) (3) Below Market Interest Rate (BMIR), Section 236 and Section 202 Programs. Between 1961 and 1983, the Section 221(d) (3) and Section 236 programs provided for-profit and non-profit owners with loans at typical interest rates of 1 percent or 3 percent for at least 90 percent of the development cost. The first two programs were typically financed by private lenders with HUD "writing down" the interest and providing mortgage insurance. The third program was a direct government loan. Mortgages were for terms of 40 years; however, these programs allowed loan repayment in year 20 and termination of the regulatory restrictions on both rents and occupancy.

In addition to very favorable financing terms, owners received tax benefits that provided an attractive return on their 10 percent equity contribution. They also received a restricted annual cash flow of up to 6 percent of original equity, and received management and partnership fees.

All Section 202 and some Section 236 and Section 221(d) (3) (BMIR) projects that are held in non-profit ownership or receive certain other additional HUD subsidies, are locked into their affordability for the full mortgage term, but may have use restrictions terminated after that date.

Federal Section 8 Rental Assistance Programs fall under the second general category of programs allowing termination of use restrictions. These programs include New Construction, Substantial Rehabilitation and Moderate Rehabilitation Programs, as well as existing federally-assisted projects onto which Section 8 was added under the Loan Management Set-Aside and Property Disposition Programs.

Under these Section 8 contracts, subsidies are tied directly to the project and cannot be used by tenants if they move elsewhere. HUD provides the project owner with the difference between a tenant's rent contribution, generally limited to 30 percent of household income, and the contract rent established by HUD. Many of the contracts allowed owners to opt out after seven-year intervals. If this option was exercised, tenants residing in the project would lose their rental assistance and in all likelihood, be faced with a greater rent burden or be forced to seek housing elsewhere.

#### State and Local

The 5,344 affordable housing units have been developed in San Diego using state and local programs, which have expiring rent restrictions over the ten-year period (see Appendix D on Volume II). These units generally carry affordability restrictions for periods of between ten and twenty years. Many of these units are nearing the end of their affordability terms, and are considered "at-risk" of converting to market rate units.

#### **CITY OF SAN DIEGO**

All of these units have been developed by private non-profit or for-profit sponsors who have utilized subsidies or financing provided by the public sector at the local, state and/or federal levels. Affected units include those acquired, constructed, or rehabilitated through issuance of Multi-Family Revenue Bonds, the Section 8 Moderate Rehabilitation Program, or gap financing provided by the San Diego Housing Commission (see Appendix D). Also included in this inventory are 990 Density Bonus restricted units which have affordability expiration dates that begin after FY 2001. 1,168 low- and moderate-income restricted units, produced or rehabilitated by the San Diego Redevelopment Agency, which also have affordability expiration dates during the ten-year period, are also included in this inventory.

## RESOURCES FOR PRESERVATION

### Organizational Capacity

The following public entities and private non-profit corporations have established legal and managerial capacity to acquire and manage federally subsidized housing developments:

Bayview Community Development Organization  
Chicano Federation of San Diego County  
City Heights Community Development Organizations  
Corporation of Affordable Communities & Homes (COACH)  
Greater Golden Hills Community Development Corporation  
Housing our People Economically (HOPE) CDC  
MAAC Project  
Ocean Beach Community Development Corporation  
San Diego Community Development Corporation  
San Diego Housing Authority  
San Diego Housing Commission  
San Diego Interfaith Housing Foundation  
San Diego Neighborhood Housing Services Inc.  
San Diego Youth and Community Services Inc.  
San Ysidro Urban Council  
South Bay Community Services, Inc.  
Townspeople Corporation  
Trabajadores de la Raza, Inc./Casa Familiar  
Urban Council Development Inc. (UCDI)

The City of San Diego could work with any one of these entities to preserve at-risk housing developments. The San Diego Housing Commission serves the City of San Diego primarily through the provision of Section 8 certificates and vouchers for eligible households, rehabilitation of low-income owner-occupied and rental units, and development and the management of Managed Housing projects. Other non-profit entities are seeking to build capacity to provide and preserve affordable housing and will also likely be involved in future preservation efforts.

## FINANCING SOURCES

### Mortgage Revenue Bonds

Since 1982, the City has been issuing mortgage revenue bonds for the development of multi-family rental housing. During this period, forty-eight projects were funded, creating a total of 8,284 rental units, of which 1,981 units are low-income. Part of the City's preservation strategy has been to refinance such projects with mortgage revenue bond proceeds (bond refunding), in

exchange for extended (and strengthened) affordability controls. Mortgage revenue bonds can also be a resource for acquiring and preserving at-risk units that were not originally financed with bond proceeds. As bond issuance or refunding is an elective activity to which the owner must agree, it is difficult to project how much financing and bond authority the City would need to preserve these at-risk developments.

#### State Bond Financing (upon availability)

The availability of financing at the State level, typically funded through voter-approved general obligation bond issuances, will be considered a source for local preservation activities. If the housing programs are similar to those assisted by past ballot measures, then funding will probably be available for preservation activities, pending voter approval. Historically, such bond proceeds are administered by the State of California Department of Housing and Community Development and have been used to fund primarily new construction and rehabilitation housing projects.

#### CDBG

In recent years, San Diego received an annual allocation of approximately \$18 million in Community Development Block Grant funds. Barring any substantial change in HUD appropriations, a similar amount of funding is expected over the next five years, during the Group 1 analysis period. Total CDBG funding during this period would be approximately \$90 million.

Approximately 10 percent of CDBG funds are typically allocated to fund affordable housing services such as single-family housing rehabilitation. It is expected that the funding priorities will remain consistent; hence, the same percentage of funds should be available for housing activities. Due to the limited nature of CDBG resources, it is unlikely that a significant amount of funds would be used for preservation activities; however, the City could decide to dedicate a greater percentage of CDBG funds for housing activities during any given year.

#### Low- and Moderate-Income Housing Fund

California Redevelopment Law requires localities to set aside 20 percent of their tax increment dollars derived from redevelopment project areas to improve the supply of housing for very low-, low-, and moderate-income households and to replace housing units lost through redevelopment activities.

As of the end of FY 1998, the City, through its Redevelopment Agency, has funded the construction, or assisted in funding the construction, of 11,182 very low-, low- and moderate-income restricted multi-family units, of which 1,040 or 9.3 percent were very low restricted units.

### Total Local Sources

The City will consider the use of those local funds listed below to support the preservation or replacement of its at risk units:

**Table 4. Potential Sources of Funds to Preserve or Replace "At Risk" Units**

POTENTIAL SOURCES	FY 00	FY 01	FY 02	FY 03	FY 04
CDBG	\$18M	\$18M	\$18M	\$18M	\$18M
HOME	\$7M	\$7M	\$7M	\$7M	\$7M
Housing Trust Fund	\$3M	\$3M	\$3M	\$3M	\$3M
Housing Commission	\$1M	\$1M	\$1M	\$1M	\$1M
Redevelopment Set Aside	\$3M	\$3M	\$3M	\$3M	\$3M
TOTAL	\$32M	\$32M	\$32M	\$32M	\$32M
<b>GRAND TOTAL \$160M</b>					

Table 4 indicates that, the City has, at its discretion, sufficient funds to preserve all affordable units at risk through FY 2004. It must be noted, however, that a significant portion of those funding sources is currently used to support ongoing community development activities, and the wide range of activities that comprise this City's multi-faceted affordable housing strategy.

Allocation of all funds from these sources to support preservation activities would deprive other affordable housing and community development activities of sufficient support to guarantee their continuation or the successful implementation of new activities in these areas. Therefore, while the City will consider the use of these funds for preservation of at risk units, it is highly unlikely that all such funds will be used for this purpose.

### **FEDERAL INCENTIVES**

There are approximately 2,800 federally mortgaged housing units in San Diego that are eligible for conversion to market rate rentals, prior to the end of FY 2009. All of these units have been developed by private non-profit or for-profit sponsors without additional subsidies or financing provided by the public sector at the local or state levels.

A few years ago, FHA proposed a plan for restructuring HUD's multi-family portfolio, after recognizing that Section 8 rental subsidies for multi-family rental assistance projects had escalated significantly, and by fiscal year 2002, could reach a cost of \$6 billion. The plan called for restructuring the multi-family portfolio so that market rate rents could support a property's debt. This would end over subsidization of properties, promote resident responsibility and choice in housing, and bring marketplace competition and incentive.

The 1998 Appropriations Act set forth the legislation "Multi-Family Assisted Housing Reform and Affordability Act (MAHRA) of 1997" that enables the Department to move forward with a permanent Mark-to-Market (M2M) Program. MAHRA findings and purposes:

- Recognizes the growing needs for funds for Section 8 assistance contract renewals and the danger of FHA multi-family defaults if renewal funding is not available.
- States that the economic, physical, and management problems of the insured, assisted stock would best be addressed with reforms which:
- Reduce the cost of federal rental assistance by reducing project debt service and operating costs;
- Address the physical and financial needs of a project and the failure of project owners and managers to comply with program rules; and
- Transfer administrative and other responsibilities of the Secretary to capable state, local and other entities.

HUD has designated the California Housing Finance Agency (CHFA) as the Participating Administrative Entity (PAE) to implement the Mark-to-Market program in California. Under the M2M program, a project owner wishing to renew Section 8 project-based subsidies must submit a Restructuring Plan. The Plan must justify the owners and PAEs' preference for continuing project-based assistance as opposed to providing tenant-based assistance. It must detail how the contract rents will be set, provide the cost required, and include plans for the completion of needed rehabilitation. It must also state how the FHA-insured mortgage is to be restructured, describe whatever affordability restrictions exist on the property, and provide proof that competent management exists. A plan must be submitted for each property to be restructured, but owners of multiple properties may submit one plan for all.

The City of San Diego has a number of federally insured multi-family housing projects which have rents that are at or above 100 percent of FMR and eligible for HUD's M2M program. The Housing Commission is expected to work with the CHFA in the restructuring of those projects.

## **Section 8**

Nationally over 800,000 FHA-insured housing units in 8,500 projects were financed with 40-year mortgages and 20-year Section 8 project-based rental assistance contracts. In many of these projects, the rents exceed those received by comparable units in the marketplace.

Beginning in FY 1996, project-based Section 8 contracts began to expire. Without Section 8 rental assistance, a percentage of HUD-assisted and insured projects may default, jeopardizing tenants, owners, and affordable housing stock and creating substantial losses in the FHA

insurance fund. To forestall this crisis, Congress and the Administration have offered one year extensions of these expiring Section 8 contracts. The Section 8 renewal authority is the first step to addressing this affordable housing dilemma. Congress has approved new legislative authority for project-based subsidies expiring in FY 1999. HUD is moving ahead under current law to ensure timely funding of the one-year extension of Section 8 contracts as they expire.

At the request of an owner, HUD shall renew the expiring Section 8 contracts as project-based assistance for a period of not more than one year, at rent levels that are less than or equal to comparable rents. Project owners with rents greater than the market may request to participate in the Mark-to-Market Program authorized by MAHRA. These contracts are renewed at existing rent levels temporarily while the mortgage is being restructured.

### **PRESERVATION OBJECTIVE**

HUD will take the following steps to protect the low- and very low-income resident families:

- Provide Preservation Section 8 certificates or vouchers to eligible, unassisted low- and very low-income families residing in the project, subject to availability of funds.
- Allow residents to continue living in Section 8 project-based assisted units under an existing Housing Assistance (HAP) contract until the contract expires.
- Provide residents with a Section 8 certificate or voucher when the (HAP) contract expires, subject to the availability of funds.

The 1997 Appropriation Act also provided Section 8 assistance to prevent displacement, and expand the scope of eligibility to include all low-income families, and moderate-income families who are elderly or disabled or families who are residing in a low-vacancy area (3 percent or less vacancies). All recipients must reside in the housing on the date of prepayment. The San Diego HUD Office will work with the property owners and the San Diego Housing Commission to ensure that the above steps for protecting the residents are implemented.

If current owners do not wish to retain these units as affordable, the City may provide assistance to private non-profit entities interested in purchasing and managing these developments as affordable housing. If no interested and capable private non-profit entity is available to assume control of these at-risk units, the City can, through its Housing Authority or non-profit corporation, pursue ownership and management of those units for which retention as affordable dwellings are considered important in meeting the housing needs of lower-income San Diegans. The City will utilize this flexible approach to retain as many units as financially feasible in its affordable housing stock.

Given the level of local and federal financing anticipated to be available, the preservation objective during the Group 1 analysis period (July 1999-June 2004) is 400 units or approximately 10 percent of the total number of assisted units eligible to convert to market rate rents.

## PROGRAMS:

The City of San Diego will undertake the following programs over the five-year period of the Housing Element amendment. The San Diego Housing Commission will implement these efforts, except where another division or agency of the City of San Diego is identified. Funding sources to support the implementation of these efforts is specified where appropriate.

1. Monitor at-risk projects - In coordination with other public and private entities, monitor owners on an ongoing basis to determine their interest in selling, prepaying, terminating or continuing participation in a subsidy program. Specifically:
  - a. Identify and maintain an updated inventory of at-risk projects through the use of existing databases (e.g., HUD, State of California Department of Housing and Community Development, California Housing Partnership Corporation).
  - b. Create an early warning file to track projects that become eligible for conversion approximately two years prior to the earliest conversion date. Determining an owner's intentions at this point will allow the City to prepare a strategy for the preservation of the project's affordability controls (e.g., by working to assist in the acquisition of an at-risk project by a capable non-profit).
  - c. Work with groups that monitor at-risk projects to make known the probable impact of changes in project affordability controls and recommend possible mitigation; actively participate in efforts to ensure that the project remains in or is transferred to an organization capable of maintaining the affordability restrictions for the life of the project.
  - d. Coordinate with HUD to monitor projects with approval to convert to ensure that any required assistance (or assistance that the owner has agreed to provide) to displaced tenants, is carried out in a timely manner. Monitor projects that may be subject to other state or local requirements regarding the provision of assistance to displaced tenants.
  - e. Partner with groups such as the California Housing Partnership Corporation, the Legal Aid Society of San Diego and other entities interested in providing technical and legal assistance to tenant groups seeking to purchase an at-risk property.
  - f. Monitor local investment in projects that have been acquired by non-profit or for-profit entities to ensure that properties are well managed and maintained and are being operated in accordance with the City's property rehabilitation standards.

2. Work with owners, tenants and non-profit organizations to assist in the non-profit acquisition of at-risk projects to ensure their long-term affordability.
3. Monitor and participate in federal, state or local initiatives that address affordable housing preservation (e.g., support state or national legislation that address at-risk projects, support full funding of programs that provide resources for preservation activities).
4. Use available financial resources to restructure federally assisted preservation projects, where feasible, in order to preserve and/or extend affordability.
5. Pursue funding sources at the federal, state or local levels that may become available for the preservation of at-risk projects.
6. Combine local preservation efforts with the City's Neighborhood Code Compliance Department by directing outreach to at-risk projects cited for Code violations.
7. Maintain communication with CHCP, LISC, and other groups that identify and assess the interest of potential non-profit purchasers capable of acquiring and permanently maintaining the affordability restrictions of at-risk projects.
8. Continue to assist owners or purchasers of existing Mortgage Revenue Bond (MRB) projects to refund their bonds in exchange for augmented and/or extended affordability controls.
9. Work with HUD to obtain Section 8 certificates or vouchers for displaced tenants of *non-federal* at-risk projects.
10. Consider inserting renewal clauses into affordable housing contracts between the Housing Commission and private developers with affordability terms of 20 years or less.
11. SRO Relocation and Displacement Ordinances - Strengthen these ordinances through appropriate amendments to ensure the continued preservation and expansion of SROs as a viable housing resource.
12. Monitor the demolition of existing dwelling units and explore replacement provisions for the loss of affordable housing units.

The programs listed above represent a varied strategy by the City of San Diego to mitigate potential loss of at-risk units due to conversion. These local efforts utilize existing City resources (e.g., provision of technical assistance, direct financial assistance, etc.) as well as other local resources (e.g., use of local non-profit housing developers to acquire and maintain at-risk projects for permanent affordability). The programs also include efforts to secure other resources from the public and private sector, if they become available.

## IMPLEMENTATION CHARTS: Preservation of Existing Lower Income Housing

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiaries
Monitor at-risk projects	Monitor owners on an ongoing basis to Determine owners interest in selling, prepaying, terminating or continuing participation in a subsidy program.	Monitor each owner of an at-risk project	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
	Identify and maintain an updated inventory at-risk projects through the use of existing Databases which provide information on the use restrictions of projects.	Annually identify each at-risk project	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
	Create an early warning tickler" file of Projects that become eligible for conversion 2 Years before earliest conversion date.	Create ongoing file.	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
	Monitor and respond to notices filed for at-risk projects to identify the probable impacts of changes in affordability controls and recommend possible mitigations.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
	Monitor projects with approval to convert to ensure that any required assistance to displaced Tenants is carried out in a timely manner.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
	Monitor at-risk projects that have been acquired to ensure that properties are well-managed and well-maintained in accord with City standards.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
Work together with owners, tenants and nonprofits organizations.	Assist in the nonprofit acquisition of at-risk projects to ensure long-term affordability of the development.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
Monitor and participate in federal, state or local initiatives that address the preservation problem.	Support state or national legislation that Addresses at-risk projects. Support full funding of programs that provide resources For preservation activities.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	Low-Income Single Adults and Families
Use of Low And Moderate Income Housing Fund	Use as available, where financially feasible, to provide equity requirement for federally-assisted preservation projects.	As needed and available.	Redevelopment Agency	FY 99-04	Local Housing Funds & Low/Mod Income Housing Fund.	Low-Income Single Adults and Families
Pursue funding at federal, state or local levels.	Acquire funds for the preservation of at-risk Projects.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	

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## IMPLEMENTATION CHARTS: Preservation of Existing Lower Income Housing

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiaries
Coordinate local preservation efforts with City's Neighborhood Code Compliance Division	Determine and enforce code compliance and/or needed repairs. Schedule at-risk projects as a high priority one year prior to opt-out date.	As needed	Housing Commission Neighborhood Code Compliance Division	FY 99-04	Local Housing Funds	
Identify and assess the interest of potential nonprofit purchasers of at-risk projects.	Develop a list of nonprofits who are willing and able to acquire and permanently maintain the affordability restrictions of at-risk projects.	Ongoing activity.	Housing Commission	FY 99-04	Local Housing Funds	
Extend affordability controls for longest term feasible	For future housing developments assisted by a City loan, the City shall seek affordability restrictions for longest term feasible.  Extend affordability controls in exchange for refinancing Assistance.	As needed and available.	Housing Commission	FY 99-04	Mortgage Revenue Bonds	Very Low & Low-Income Single Adults and Families
Insert renewal clauses into future projects having affordable units	Same policy as above	Negotiate renewals on a project by project basis 2 years prior to expiration	Hsg. Comm.	Ongoing	General Fund	Existing Low and Very-Low Income Tenants
Amend SRO relocation and displacement ordinances to ensure continued preservation and expansion of SRO's		City Council adoption and Coastal Comm certification	Hsg. Comm. Planning Dept	By FY 2002	General Fund	Existing SRO Tenants
Monitor the demolition of existing dwelling units and explore Replacement provisions For the loss of affordable Housing units		Monitor demolitions On ongoing basis Research replacement Provision alternatives	Planning Dept Development Services Dept  Planning Dept Housing Comm	Ongoing   By FY 2002	General Fund   General Fund	Existing Low and Very-Low Income Tenants

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## **QUANTIFIED OBJECTIVE: Rehabilitation**

Rehabilitate at least 2,900 housing units during the five-year plan period. Of these, at least 560 housing units would be affordable to extremely low-income households, 1,380 housing units would be affordable to very low-income households and 1,470 housing units would be affordable to low-income households at 65 percent of area median-income, the standard established under the HOME program. This objective does not include units rehabilitated through Low- and Moderate-Income Redevelopment Set-Aside funds. A separate objective covers these units.

## **CHANGES TO QUANTIFIED OBJECTIVE FROM PREVIOUS HOUSING ELEMENT**

For the new Housing Element, the Rehabilitation objective has been reduced by 100 units from the previous Element which covered an eight-year period. However, the proportion of units rehabilitated for very low-income households has risen from 40 percent in the previous Element to 47 percent in the new Element. Additionally, the new Element targets 60 units for occupancy by extremely low-income households. In addition to rehabilitation of these 2,900 units, another 2,200 units occupied by disabled individuals would be made accessible.

## **POLICIES:**

1. The City shall provide funding support to assist in the rehabilitation of both renter- and owner-occupied housing.
2. To the extent practically possible, City-sponsored rehabilitation programs should be coordinated with code enforcement and preservation programs targeted to designated neighborhoods in order to maximize impact of comprehensive neighborhood revitalization and reinvestment programs. However, in some instances, it may be appropriate for City rehabilitation funds to be broadly targeted to all neighborhoods eligible under federal and state regulations.
3. The City shall seek to leverage its funds for rehabilitation with other non-local public and private sources.
4. The City shall consider a policy which standardizes the extent to which units funded with local funds need to be repaired. This policy need not apply to City funds that support such activities as paint-up, fix-up, clean-up or other such programs that fund cosmetic repairs.
5. To the extent practical, Housing Commission and Redevelopment Agency Set-Aside funds for rehabilitation shall be used in a coordinated manner in order to maximize impact.
6. To the extent legally and practically possible, public sector rehabilitation funds shall generally be utilized first to correct health and safety code violations with non-code related improvements given lower priority.

7. The City shall promote the availability of programs to make housing units occupied by people with disabilities accessible.
8. The City shall continue to support the maintenance and rehabilitation of the 36 City-owned farm worker housing units in San Pasqual Valley.

#### **PROGRAMS:**

1. Homeowner Rehabilitation - The City shall continue to support and, where possible, expand a code enforcement program. Such a program shall emphasize Homeowners Rehabilitation Program which consists of three components:
  - a. The Housing Commission shall administer a homeowner rehabilitation program which offers low-interest loans to low-income homeowners for repairs and improvements. These loans would be available for 1-4 unit buildings, where at least one unit is owner-occupied. Approximately 150 units owned and occupied by low-income households will be rehabilitated over the five-year period.
  - b. The Housing Commission shall administer a zero-interest deferred loan program for very low-income homeowners to repair and improve single-family homes. These zero-interest deferred loans will range up to \$5,000. Repayment of the loan is required upon the reselling or refinancing of the home. Approximately 500 single-family units will be rehabilitated over the five-year period. Since the average income of loan recipients is 30 percent of area median-income, it is assumed that 250 households will be extremely low-income and 250 households will be very low-income.
  - c. The Housing Commission shall also administer the HOMEWORKS purchase/rehabilitation loan program for first-time homebuyers. The Housing Commission will provide a second equity loan that will cover 25 percent after rehabilitation value at no interest. The Housing Commission and homeowner will proportionately share any equity upon resale prior to 15 years. This program will aid in rehabilitating 100 homes occupied by low-income homeowners over the five-year period.
2. Rental Housing Rehabilitation Program - The Housing Commission shall administer a rental rehabilitation program which offers low- or no-interest loans to owners of rental property where the units are occupied by lower-income households after rehabilitation. Rehabilitation of units through HOME funding is limited to 5-7 unit buildings within the Livable Neighborhoods. The rent restrictions shall remain effective depending on the amount of funds used per unit. Twenty percent of these units will be available to very low-income persons while 80 percent will be affordable at the 65 percent level of area median-income. Approximately 800 rental units will be rehabilitated over the five-year period with 80 percent being acquisition-rehabilitation and 20 percent straight rehabilitation.

3. Mobile Home Grants - The Housing Commission shall administer a mobile home grant program which makes one-time-only grants up to \$3,000 available to very low-income mobile home owners for reparation purposes. Designated distressed parks can obtain up to a \$5,000 grant. Approximately 500 mobile homes will be rehabilitated through grants over the five-year period. Since the average income of grant recipients is 30 percent of area median-income, it is assumed that 250 households will be extremely low-income and 250 households will be very low-income.
4. Acquisition and Rehabilitation - The Housing Commission shall administer a program to assist for-profit and non-profit developers in acquiring and rehabilitating housing units with a portion of these units to be affordable to lower-income households. Based on projected funding sources and levels, it is anticipated that approximately 860 units will be assisted. Of these, 60 units will be affordable to extremely low-income households, 720 units will be affordable to very low-income households, and 80 units will be affordable to low-income households.
5. Physical Modifications for the Disabled - The Veterans Administration offer assistance to disabled veterans with specific service connected disabilities to modify their homes. Based on usage of this program since 1992 and assuming a 10 percent annual increase in number of applications for assistance, it is projected that approximately 2,200 housing units occupied by disabled veterans will be made more accessible.
6. Farm Worker Housing - The City of San Diego owns 36 housing units in San Pasqual Valley. All but five units are leased out to farmers and growers as part of larger leasehold agreements in which City-owned land is leased out for agricultural purposes to farmers and growers. The units are occupied by full-time agricultural employees and their families who are of very low-income. The lessees are responsible for maintenance of the units. However, the City, through the Water Utilities Department, provides funds for rehabilitation where needed. Most of the units are in good condition. However, three of the 36 units are not livable, are currently vacant and require major rehabilitation. One of the three is so deteriorated that it may need to be demolished. The rehabilitation (or demolition of the one unit) will be completed by the end of FY 2000.

## IMPLEMENTATION CHARTS: Housing Rehabilitation

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiaries
Homeowner Rehabilitation	<p>Provide funding support to assist in the rehabilitation of owner occupied housing.</p> <p>Coordinate rehab programs with code enforcement efforts and combine both a targeted and citywide effort neighborhood participation.</p> <p>The City shall seek to leverage its funds for rehabilitation with other non-local public and private sources.</p> <p>The City shall consider a policy which establishes one standard for the extent to which units funded with local funds need to be repaired.</p> <p>To the extent practical, the use of Housing Commission and Redevelopment Agency Set-Aside funds for rehabilitation shall be used in a coordinated manner in order to maximize impact.</p>	Units: 750	Housing Commission	150/year	CHRP-O HOME CDBG Hsg Trust Fd	Low and Moderate Income Homeowners
Rental Housing Rehabilitation	Provide funding support to assist in the rehabilitation of renter occupied housing.	Units: 800	Housing Commission	160/year	HOME	Very Low and Low-income Renters
Mobile Home Grants	Provide funding support for the rehabilitation of mobile home owners.	500	Housing Commission	100/year		Very low and Low Income mobile home owners
Acquisition/ Rehabilitation	Provide funding support to acquire and rehabilitate housing units with a portion of these to be affordable to lower income households.	860	Housing Commission	172/year		Very Low and Low-income households
Physical Modifications for the Disabled	The City shall promote the availability of programs to make housing units occupied by people with disabilities accessible.	Units: 2,200	SD County Veterans Admin.	440/year	State	Disabled

*Goal 2: Maintain At A High Level And Upgrade, Where Necessary, The Quality, Safety, And Livability Of San Diego's Housing Stock, With Emphasis On Preservation Of San Diego's Affordable Housing Stock*

## IMPLEMENTATION CHARTS: Housing Rehabilitation

Program	Policy	5-Year Target	Responsible Agency	Timing	Financing	Primary Beneficiaries
	To the extent legally and practically possible, public sector rehabilitation funds shall generally be utilized first to correct health and safety code violations with non-code related improvements given lower priority.					
Farmworker Housing	The City shall continue to support the maintenance and rehabilitation of the 36 city-owned farmworker housing units in the San Pasqual Valley.	Units Rehab - 3 Maintain - 33	Real Est. Assets Neighborhood Code Compliance	FY 1999- FY 2004	Water Utilities Dept.	Farmworkers

*Goal 2: Maintain At A High Level And Upgrade, Where Necessary, The Quality, Safety, And Livability Of San Diego's Housing Stock, With Emphasis On Preservation Of San Diego's Affordable Housing Stock*